

National Credit Union Administration



Operating Fund

***Financial Highlights
March 31, 2005***

**Dennis Winans
Chief Financial Officer**

National Credit Union Administration Operating Fund
Financial Highlights
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Balance Sheet

Overnight Investments increased \$8.9 million as a result of operating fees being collected.

Accounts Receivable increased \$44.0 million due to establishing the operating fee receivable. As operating fees are collected, the accounts receivable account will decrease.

Home Purchase Program increased \$212,000 due to the purchase of an employee's residence. Currently, there are three houses in the Home Purchase Relocation Program.

Accrued Employee Compensation decreased \$2.6 million as a result of accruing for only 9 days at the end of March versus 16 days in the previous month. Accruals are reversed the first working day of the next month.

Other Current Liabilities increased \$46.5 million. This large increase is the result of deferred operating fee income that will be recognized evenly over the remaining calendar period.

Statement of Revenue and Expense

Net income for the month was \$402,000 higher than planned due to the bulk of expenses being under budget with the exception of administrative costs.

Statement of Cash Flow

Cash increased by \$8.9 million for the month. The increase is the result of operating fees being collected. As of March 31, operating fees of approximately \$44.0 million are outstanding.

Budget (Year-to-Date)

Agency spending was under budget by \$5.3 million or 14.6 percent. Pay, benefits and travel were under budget, and comprised \$4.0 million or approximately three-quarters of the total budget variance. The remaining variance of 1.3 million was derived mainly from contracted services.

Vacancies

The agency had 58 vacancies as of March 19 -- down from 63 in February. Of the 58 vacancies, there were 28 vacancies in the central office, 16 vacancies in the regional offices and AMAC, and 14 vacancies in the field staff. The 58 vacancies represent 6.04 percent of total authorized staff of 960.67.

National Credit Union Administration Operating Fund
Balance Sheets & Changes in Fund Balance
March 31, 2005

	March 2004	February 2005	March 2005
ASSETS			
ASSETS:			
Current Assets			
Cash	\$5,009.11	\$5,477.11	\$5,388.52
Overnight Investments	24,480,000.00	13,480,000.00	22,369,000.00
Accounts Receivable	46,636,969.65	1,301,972.77	45,268,253.35
Interest Receivable	0.00	0.00	0.00
Prepaid Expenses	412,066.98	732,095.38	658,137.08
Home Purchase Program	317,144.45	358,727.57	571,165.33
Other	962,523.31	10,295,000.00	(900.00)
<i>Total Current Assets</i>	<u>72,813,713.50</u>	<u>26,173,272.83</u>	<u>68,871,044.28</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	29,041,402.00	28,413,119.00	28,342,597.00
Capital Lease	2,115,852.13	1,159,619.90	1,072,683.47
Equipment	1,638,378.45	2,008,996.09	1,968,566.09
Other	0.00	0.00	0.00
<i>Total Property, Plant, and Equipment</i>	<u>36,741,896.53</u>	<u>35,527,998.94</u>	<u>35,330,110.51</u>
TOTAL ASSETS	<u><u>109,555,610.03</u></u>	<u><u>61,701,271.77</u></u>	<u><u>104,201,154.79</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Current Liabilities			
Accounts Payable	1,511,497.34	2,120,406.90	836,159.62
Accrued Employee Compensation	14,529,151.28	16,401,109.76	13,817,297.56
Other Current Liabilities	45,982,369.62	38,028.62	46,541,734.59
<i>Total Current Liabilities</i>	<u>62,023,018.24</u>	<u>18,559,545.28</u>	<u>61,195,191.77</u>
Non-Current Liabilities			
Notes Payable	26,148,282.00	24,919,089.31	24,807,344.52
Other	2,122,608.91	1,078,021.82	1,075,590.95
<i>Total Non-Current Liabilities</i>	<u>28,270,890.91</u>	<u>25,997,111.13</u>	<u>25,882,935.47</u>
TOTAL LIABILITIES	<u><u>90,293,909.15</u></u>	<u><u>44,556,656.41</u></u>	<u><u>87,078,127.24</u></u>
FUND BALANCE:			
Beginning Balance	17,246,526.20	14,934,623.95	14,934,623.95
Current Year Earnings	2,015,174.68	2,209,991.41	2,188,403.60
TOTAL FUND BALANCE	<u><u>19,261,700.88</u></u>	<u><u>17,144,615.36</u></u>	<u><u>17,123,027.55</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$109,555,610.03</u></u>	<u><u>\$61,701,271.77</u></u>	<u><u>\$104,201,154.79</u></u>

National Credit Union Administration Operating Fund
Statement of Revenue & Expense
March 31, 2005

	March 2005 Monthly Actual	March 2005 Monthly Budget	March 2005 Year-To-Date Actual	March 2005 Year-To-Date Budget	March 2004 Year-To-Date Actual
REVENUE:					
Interest Income	\$31,716.10	\$41,666.66	\$106,003.54	\$124,999.98	\$58,560.77
Program-related Income	5,166,428.89	5,067,500.00	15,461,428.89	15,202,500.00	14,737,548.41
Other Income	20,683.15	12,500.00	53,012.17	37,500.00	25,597.70
Total Revenue	<u>5,218,828.14</u>	<u>5,121,666.66</u>	<u>15,620,444.60</u>	<u>15,364,999.98</u>	<u>14,821,706.88</u>
EXPENSES:					
Employee Pay	3,037,456.81	3,395,953.66	8,507,010.52	9,461,950.67	8,126,537.43
Employee Benefits	833,574.74	876,074.37	2,252,446.78	2,446,158.20	2,073,083.76
Employee Travel	426,021.83	459,343.76	796,296.73	1,378,031.42	685,546.53
Rent/Communications/Utilities	133,417.29	140,828.63	339,653.32	422,485.75	371,199.64
Administrative Costs	567,819.44	376,191.47	1,221,124.44	1,128,574.53	1,189,821.64
Contracted Services	242,125.84	296,929.95	315,509.21	890,789.92	360,343.20
Total Expenses	<u>5,240,415.95</u>	<u>5,545,321.84</u>	<u>13,432,041.00</u>	<u>15,727,990.49</u>	<u>12,806,532.20</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u><u>(\$21,587.81)</u></u>	<u><u>(\$423,655.18)</u></u>	<u><u>\$2,188,403.60</u></u>	<u><u>(\$362,990.51)</u></u>	<u><u>\$2,015,174.68</u></u>

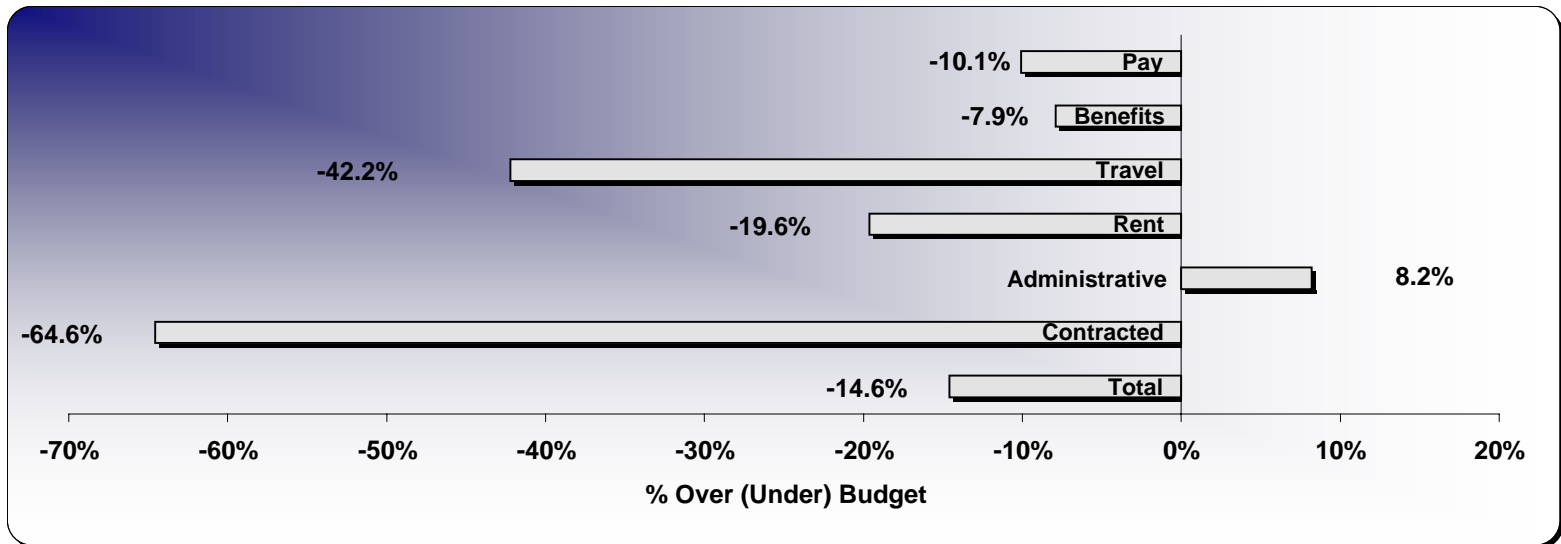
National Credit Union Administration Operating Fund
Statement of Cash Flow
March 31, 2005

	Month March 2004	Month March 2005	Y-T-D March 2004	Y-T-D March 2005
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income from operating fees	\$13,775,829.69	\$17,959,591.12	\$13,776,029.69	\$17,959,591.12
Interest received from cash and cash equivalents	18,455.81	31,716.10	58,560.77	106,003.54
Other income received	8,401.55	20,683.15	25,597.70	53,012.17
(Cash paid for operating expenses)	(7,963,447.73)	(8,711,705.05)	(12,444,618.18)	(12,636,846.87)
Net cash (used) provided by operating activities:	<u>5,839,239.32</u>	<u>9,300,285.32</u>	<u>1,415,569.98</u>	<u>5,481,759.96</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds (purchases) of fixed assets	(109,180.56)	(61,148.00)	(329,610.04)	(128,397.22)
(Capital lease payments)	(6,240.51)	(2,783.87)	(399,051.63)	(373,355.61)
Proceeds (purchases) home purchase program	960.50	(235,697.25)	(317,144.45)	(497,186.91)
Net cash (used) in investing activities	<u>(114,460.57)</u>	<u>(299,629.12)</u>	<u>(1,045,806.12)</u>	<u>(998,939.74)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(335,234.37)	(335,234.37)
Net cash (used) in financing activities	<u>(111,744.79)</u>	<u>(111,744.79)</u>	<u>(335,234.37)</u>	<u>(335,234.37)</u>
NET INCREASE (DECREASE) IN CASH	5,613,033.96	8,888,911.41	34,529.49	4,147,585.85
Cash and cash equivalents at beginning of period	18,871,975.15	13,485,477.11	24,450,479.62	18,226,802.67
Cash and cash equivalents at end of period	<u>\$24,485,009.11</u>	<u>\$22,374,388.52</u>	<u>\$24,485,009.11</u>	<u>\$22,374,388.52</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Net income (loss)	<u>\$274,038.05</u>	<u>(\$21,587.81)</u>	<u>\$2,015,174.68</u>	<u>\$2,188,403.60</u>
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	144,514.97	259,036.43	451,472.97	792,013.58
Unrealized (gain) loss	0.00	23,259.49	0.00	44,119.74
(Gain) loss on disposal of fixed assets	0.00	0.00	0.00	0.00
(Gain) loss on disposal of homes	0.00	0.00	0.00	0.00
Interest expense on leases	6,136.22	353.00	17,807.15	6,803.73
Miscellaneous allowances	10,877.87	0.00	10,877.88	(0.00)
Change in current assets and liabilities				
(Increase) decrease in assets:				
SIF repayment of Operating Fund for leases	0.00	0.00	105,873.53	105,873.53
Accounts receivable	(45,927,485.64)	(43,966,280.58)	(44,195,810.45)	(44,440,691.30)
Interest receivable	0.00	0.00	583.97	0.00
Prepaid expenses	(114,272.73)	73,958.30	(144,849.30)	(70,129.98)
Other assets	8,807,472.76	10,295,900.00	(962,523.31)	900.00
Increase (decrease) in liabilities:				
Accounts payable	(842,383.69)	(1,284,247.28)	(940,203.00)	(1,482,419.85)
Accrued employee compensation	(2,465,946.97)	(2,583,812.20)	(1,190,445.14)	1,856,510.32
Other non current liabilities	87,143.43	(0.00)	132,032.43	0.00
Other current liabilities	45,859,145.05	46,503,705.97	46,115,578.57	46,480,376.59
Total adjustments	<u>5,565,201.27</u>	<u>9,321,873.13</u>	<u>(599,604.70)</u>	<u>3,293,356.36</u>
Net cash (used) provided by operating activities	<u>\$5,839,239.32</u>	<u>\$9,300,285.32</u>	<u>\$1,415,569.98</u>	<u>\$5,481,759.96</u>

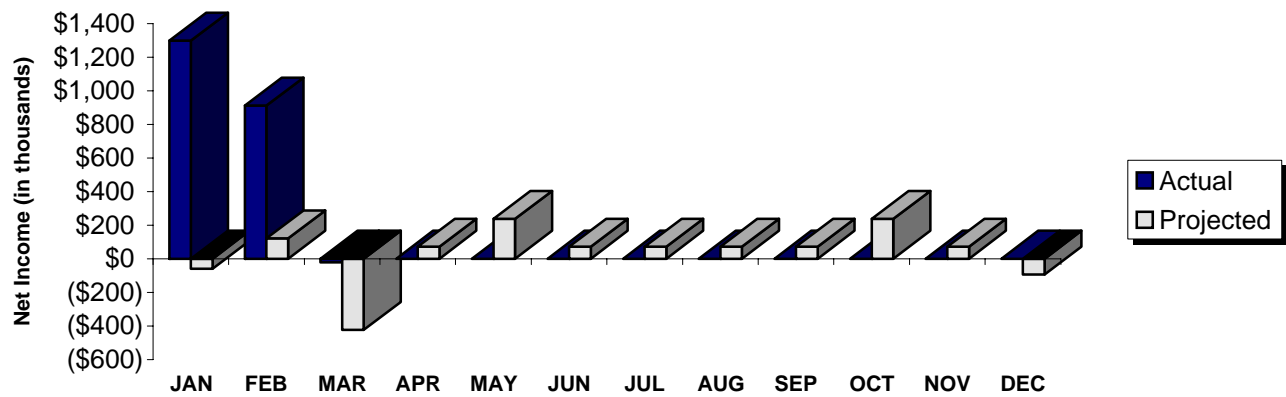
National Credit Union Administration Operating Fund
(Before Overhead Transfer)
Year-To-Date Budget Report Analysis
March 31, 2005

	2005				2004			
	BUDGET	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
Employee Pay	22,004,536	19,783,745	(2,220,791)	-10.1%	21,964,011	20,215,267	(1,748,744)	-8.0%
Benefits	5,688,740	5,238,248	(450,492)	-7.9%	5,617,688	5,156,925	(460,763)	-8.2%
Travel	3,204,724	1,851,853	(1,352,871)	-42.2%	3,373,044	1,705,340	(1,667,704)	-49.4%
Rent, Communications, & Utilities	982,525	789,891	(192,634)	-19.6%	1,111,341	923,382	(187,959)	-16.9%
Administrative	2,624,592	2,839,824	215,232	8.2%	3,163,863	2,959,755	(204,108)	-6.5%
Contracted Services	2,071,604	733,742	(1,337,862)	-64.6%	2,045,812	896,376	(1,149,436)	-56.2%
TOTAL	36,576,722	31,237,305	(5,339,417)	-14.6%	37,275,759	31,857,045	(5,418,714)	-14.5%

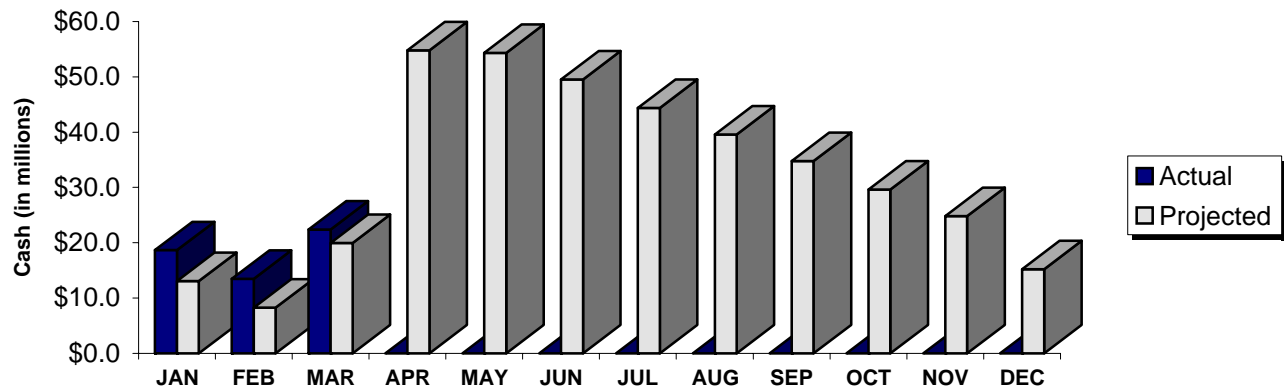
Percent Over (Under) Budget
March 31, 2005



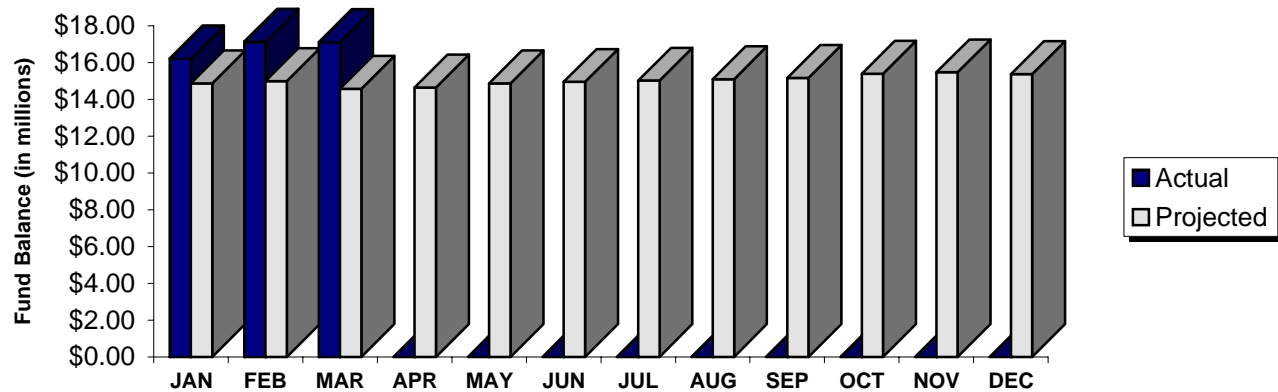
Actual & Projected Net Income (2005)



Actual & Projected Cash Balance (2005)



Actual & Projected Fund Balance (2005)



National Credit Union Administration Operating Fund
Ratios
March 31, 2005

BALANCE SHEET	March 2004	March 2005
<u>Liquid assets / Total assets</u>	22.35%	21.47%
<u>Current assets / Total assets</u>	66.46%	66.09%
<u>Fixed assets / Total assets</u>	33.54%	33.91%
<u>Current liabilities / Total assets</u>	56.61%	58.73%
<u>Non current liabilities / Total assets</u>	25.81%	24.84%
<u>Retained Earnings / Total assets</u>	17.58%	16.43%
STATEMENT OF REVENUE & EXPENSE		
<u>YTD Interest & other income / Total revenue</u>	0.57%	1.02%
<u>YTD Program related income / Total revenue</u>	99.43%	98.98%
<u>YTD Expenses / Total revenue</u>	86.40%	85.99%
<u>YTD Net income / Total revenue</u>	13.60%	14.01%
CASH		
<u>Net year to date cash inflow (outflow) in millions of dollars</u>	\$0.0	\$4.1
<u>Cash end of month - Cash beginning of year / Cash BOY</u>	0.1%	22.8%
<u>Cash and cash equivalents / Total assets</u>	22.3%	21.5%